

Message Text

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70

ACTION TRSE-00

INFO OCT-01 EUR-25 NEA-10 ISO-00 SPC-03 SAM-01 AID-20

EB-11 NSC-10 RSC-01 CIEP-02 SS-20 STR-08 OMB-01

CEA-02 L-03 PA-04 PRS-01 USIA-15 CIAE-00 INR-10

NSAE-00 DRC-01 /149 W

----- 056545

R 271846Z FEB 74

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 8299

INFO AMEMBASSY KUWAIT

C O N F I D E N T I A L LONDON 02569

STATE PASS TREASURY

E.O. 11652: GDS

TAGS: EFIN

SUBJECT: KUWAITI STERLING BALANCES

1. SENIOR OFFICER OF LARGE AMERICAN BANK IN LONDON
TELEPHONED FEBRUARY 27 TO VOLUNTEER FOLLOWING INFORMATION
WHICH HE THOUGHT WOULD BE HELPFUL TO US.

2. HE SAID KUWAIT IS "BEGINNING TO ACCUMULATE
SUBSTANTIAL FUNDS." KUWAIT NOW HAS 700 MILLION
POUNDS INVESTED IN SHORT TERM LONDON
MONEY MARKET. HALF OF THIS IS COVERED BY U.K. STERLING
GUARANTEES. THE RUMOR IN THE LONDON MARKET IS THAT
KUWAIT IS "BEARING THE DOLLAR" AND BUYING SWISS FRANCS,
DEUTSCHEMARK AND NORWEIGIAN KRONER. REPORTS ARE
CIRCULATING THAT THE KUWAITIS AND SOME OTHER MIDDLE
EASTERN OIL PRODUCERS, BUT NOT SAUDI ARABIA, ARE
TRYING TO "GANG UP ON THE DOLLAR."

3. OUR SOURCE DESCRIBED HIS SOURCE AS "HIGHLY
RELIABLE AND WELL INFORMED," BUT WOULD NOT IDENTIFY
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HIM.

4. WE ARE UNABLE TO EVALUATE THE ABOVE, BUT REPORT
IT BECAUSE IT IS GENERALLY CONSISTENT WITH RECENT
PRESS SPECULATION.

5. DEPARTMENT REPEAT AS DESIRED.

ANNENBERG

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NNN

Message Attributes

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